

**CONCORDIA WATERWORKS DISTRICT #1****FINANCIAL STATEMENTS**

**YEARS ENDED**  
**JUNE 30, 2009 and 2008**

**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/3/10



**SILAS SIMMONS** LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

**CONCORDIA WATERWORKS DISTRICT #1**  
**ANNUAL FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED JUNE 30, 2009 and 2008**  
**WITH SUPPLEMENTAL INFORMATION SCHEDULES**

**CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	3-7
<b>FINANCIAL STATEMENTS</b>	
Statements of Net Assets .....	8-9
Statements of Revenues, Expenses, and Changes in Net Assets .....	10
Statements of Cash Flows .....	11
Notes to Financial Statements .....	12-19
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Commissioner's Compensation .....	20
Schedule of Water Rates .....	21
<b>INTERNAL CONTROL AND COMPLIANCE REPORTS</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	22-23
Current Year Findings, Recommendations, and Corrective Action Plan .....	24
Status of Prior Year Findings .....	25



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### INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Concordia Waterworks District #1  
Ferriday, Louisiana

We have audited the accompanying basic financial statements of the Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, as of and for the year ended June 30, 2009 and 2008, as listed in the Table of Contents. These financial statements are the responsibility of the Concordia Waterworks District #1's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concordia Waterworks District #1 as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2009, on our consideration of Concordia Waterworks District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The Management's Discussion and Analysis on Pages 3 through 7 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Concordia Waterworks District #1 taken as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Silas Simmons, LLP*

Natchez, Mississippi  
August 7, 2009

**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION & ANALYSIS  
YEARS ENDED JUNE 30, 2009 and 2008**

## **INTRODUCTION**

The Management's discussion and analysis (MD&A) of the Concordia Waterworks District #1's financial performance provides an overall narrative review of the District's financial activities for the years ended June 30, 2009 and 2008. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the financial statements to enhance their understanding of the District's financial performance.

The Concordia Waterworks District #1 is located on Highway 15 near Ferriday, Louisiana in Concordia Parish. The District provides water to approximately 2,300 customers and is a component of the Concordia Parish Police Jury.

## **FINANCIAL HIGHLIGHTS**

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of the years ended June 30, 2009 and 2008, the Concordia Waterworks District #1's net assets increased and resulted in ending net assets of \$6,443,192 at June 30, 2009, and \$6,268,096 at June 30, 2008.

1. The cash balance for the Concordia Waterworks District #1 was \$2,547,097 at June 30, 2009 and \$2,442,252 at June 30, 2008.
2. In fiscal year 2009, the District had \$1,158,897 in revenues, which primarily consisted of water sales. There was \$993,808 in expenditures including depreciation of \$196,664. In fiscal year 2008 the District had \$1,074,834 in revenues, which primarily consisted of water sales. There was \$978,986 in expenditures including depreciation of \$185,360.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Concordia Waterworks District #1's basic financial statements. The District's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to the financial statements.

**Fund financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net assets presents information showing how the District's net assets changed during the most recent fiscal year.

**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION & ANALYSIS  
YEARS ENDED JUNE 30, 2009 and 2008**

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 12 - 19 of this report.

**FUND FINANCIAL ANALYSIS**

The fund financial statements can be found on pages 8 - 11 of this report.

**Net Assets for the period ending June 30, 2009 and 2008**

The following is a condensed statement of the Concordia Waterworks District #1's net assets as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Current assets	\$ 2,227,332	\$ 2,060,012
Restricted assets	558,465	530,510
Noncurrent assets - capital assets	6,656,501	6,684,227
Noncurrent assets - other assets	<u>335</u>	<u>335</u>
<b>Total assets</b>	<u>9,442,633</u>	<u>9,275,084</u>
Current liabilities	151,710	102,658
Current liabilities - payable from restricted assets	194,808	191,902
Long-term liabilities	<u>2,652,923</u>	<u>2,712,428</u>
<b>Total liabilities</b>	<u>2,999,441</u>	<u>3,006,988</u>
<b>Net assets</b>		
Investment in capital assets, net of related debt	3,945,018	3,914,601
Restricted for debt service	423,448	397,486
Unrestricted	<u>2,074,726</u>	<u>1,956,009</u>
<b>Total net assets</b>	<u>\$ 6,443,192</u>	<u>\$ 6,268,096</u>

-continued-

**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION & ANALYSIS  
YEARS ENDED JUNE 30, 2009 and 2008**

The largest portion of the District's total assets (\$6,656,501 or 70%) is its investment in capital assets such as equipment. Another portion of the District's total assets (\$558,465 or 6%) is restricted to paying long-term debt. The remaining balance of the total assets (\$2,227,668 or 24%) may be used to pay current operating expenses and utility deposits.

The District has long-term debt, net of current portion, of \$2,652,923, which was used to finance additions to the utility system in prior years. More information concerning this debt may be found on pages 17 - 19 of the notes to the financial statements. Total liabilities of \$2,999,441 represent 31% of the total assets of the District.

The business type activities increased the net assets by \$165,089.

The following is a summary of the statement of activities:

	<u>2009</u>	<u>2008</u>
<b>Revenues:</b>		
Water sales	\$ 923,092	\$ 918,848
General revenues	<u>235,805</u>	<u>155,986</u>
<b>Total revenues and transfers</b>	<u>1,158,897</u>	<u>1,074,834</u>
<b>Expenses:</b>		
Operating expenses	857,572	844,115
Interest expenses	<u>136,236</u>	<u>134,871</u>
<b>Total expenses</b>	<u>993,808</u>	<u>978,986</u>
<b>Increase in net assets</b>	165,089	95,848
<b>Net assets, beginning of year</b>	6,268,096	6,172,248
<b>Prior period adjustment</b>	<u>10,007</u>	<u>-</u>
<b>Net assets end of year</b>	<u>\$ 6,443,192</u>	<u>\$ 6,268,096</u>

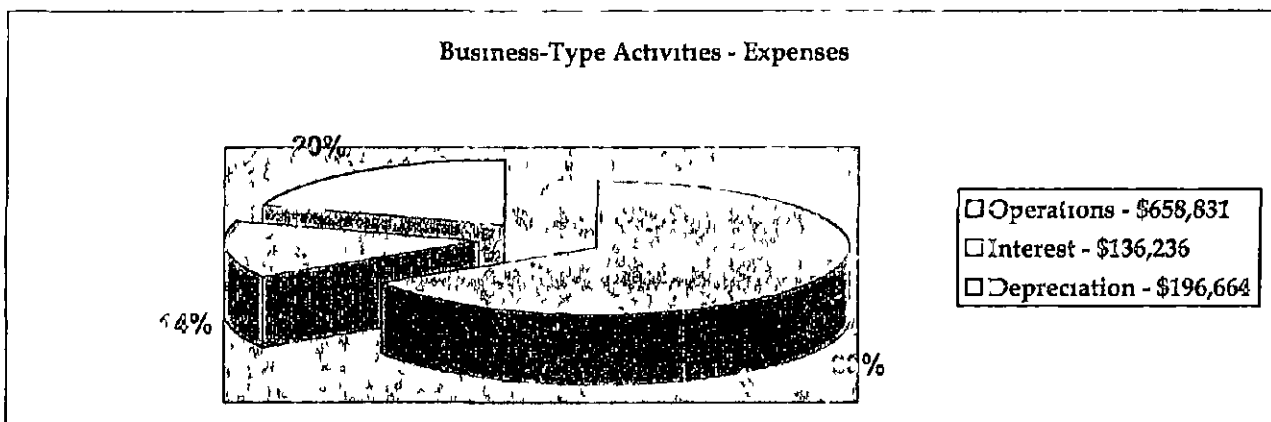
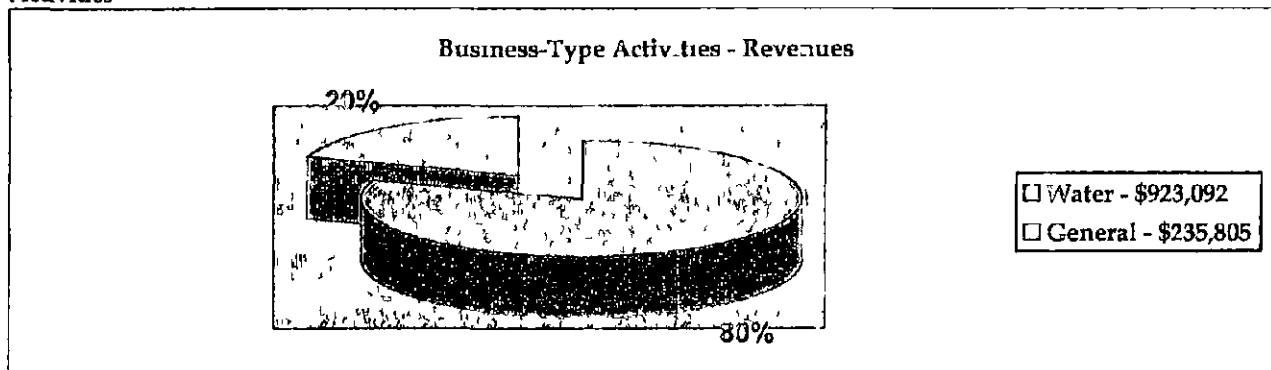
**Business-type Activities**

The business-type activities of the District include revenues resulting from fees charged customers.

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**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION & ANALYSIS  
YEARS ENDED JUNE 30, 2009 and 2008**

The following presents in graphs the information from the Statement of Activities for the Business-Type Activities



The notes to the financial statements should be read to have a full understanding of the data in the government-wide financial statements

#### **FUTURE PLANS, CAPITAL ASSETS, AND DEBT**

The District is presently seeking a grant to be used for the construction of a new elevated storage tank for water. During the fiscal year June 30, 2009, the Waterworks began improvements and the rerouting of lines on Highways 15 and 131. As of June 30, 2009, the work has been completed on Highway 15, and work on Highway 131 was near completion. The amount in the construction in process account at June 30, 2009, was \$93,814. The Waterworks is currently waiting on reimbursements for the Highway 131 project from the Corps of Engineers.

As of June 30, 2009, the District had \$6,656,501 invested in capital assets net of accumulated depreciation of \$2,600,582. During the year assets of \$168,938 were added to capital assets and no assets were disposed of. Additions to the system included water line relocation for service on Highway 15, two computers, a Ford F-150, new roofing, air conditioning and heating unit, and improvements to water system.

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**CONCORDIA WATERWORKS DISTRICT #1  
MANAGEMENT'S DISCUSSION & ANALYSIS  
YEARS ENDED JUNE 30, 2009 and 2008**

As of June 30, 2009, the District had outstanding bonded indebtedness of \$2,711,483. Principal payments of \$58,560 are due to be paid during the next fiscal year. This debt consists of three different issues which are secured by a pledge of the water plant and revenues from the sale of water. The debt is as follows:

Original balance of \$745,000 issued in 1980 at 5% interest, due annually at \$15,000 or more	\$ 385,000
Original balance of \$2,075,000 issued in 2000 at 5% interest, due monthly at \$10,105 including interest	1,888,410
Original balance of \$482,000 issued in 2000 at 4 7/8% interest, due monthly at \$2,303 including interest	<u>438,073</u>
Total indebtedness	<u>\$ 2,711,483</u>

**REQUEST FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or request for additional information may be directed to Charles Renfrow, Manager at (318) 757-4353.

**CONCORDIA WATERWORKS DISTRICT #1**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2009 AND 2008**

Assets	2009	2008
Current assets		
Cash	\$ 1,948,632	\$ 1,871,742
Investments	40,000	40,000
Accounts receivable	233,369	142,352
Accrued interest receivable	875	1,566
Prepaid insurance	4,456	4,352
Total current assets	<u>\$ 2,227,332</u>	<u>\$ 2,060,012</u>
Restricted assets		
Bond Debt Service Fund	\$ 49,500	\$ 49,500
Bond Sinking Fund	113,094	104,614
Depreciation Fund	260,854	243,372
Consumer Deposits	135,017	133,024
Total restricted assets	<u>\$ 558,465</u>	<u>\$ 530,510</u>
Capital assets		
Property, plant, and equipment	\$ 9,257,083	\$ 9,088,145
Less accumulated depreciation	(2,600,582)	(2,403,918)
Total capital assets	<u>\$ 6,656,501</u>	<u>\$ 6,684,227</u>
Other noncurrent assets		
Utility deposits	\$ 335	\$ 335
Total assets	<u>\$ 9,442,633</u>	<u>\$ 9,275,084</u>

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**CONCORDIA WATERWORKS DISTRICT #1**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2009 AND 2008**

<b>Liabilities</b>	<u>2009</u>	<u>2008</u>
<b>Current liabilities</b>		
Accounts payable	\$ 150,154	\$ 101,245
Accrued interest payable	2,220	2,252
Payroll taxes payable	1,356	1,139
Sales tax payable	201	274
Tenant deposits	134,027	132,452
Notes payable, current portion	58,560	57,198
Total current liabilities	<u>\$ 346,518</u>	<u>\$ 294,560</u>
<b>Long-term liabilities</b>		
Notes payable, net of current portion	\$ 2,652,923	\$ 2,712,428
Total liabilities	<u>\$ 2,999,441</u>	<u>\$ 3,006,988</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ 3,945,018	\$ 3,914,601
Restricted for debt service	423,448	397,486
Unrestricted	<u>2,074,726</u>	<u>1,956,009</u>
Total net assets	<u>\$ 6,443,192</u>	<u>\$ 6,268,096</u>

The accompanying notes are an integral part of these financial statements.

**CONCORDIA WATERWORKS DISTRICT #1**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
<b>Operating Revenues</b>		
Charges for sales and services		
Water sales	\$ 923,092	\$ 918,848
Penalties for late payment	30,768	32,785
Reconnect fees	19,916	17,430
Memberships	16,125	9,750
Other income	147,921	56,013
Total operating revenue	<u>\$ 1,137,822</u>	<u>\$ 1,034,826</u>
<b>Operating Expenses</b>		
Salaries	\$ 245,590	\$ 242,905
Sales Tax	1,791	-
Commissioners' fees	4,275	4,200
Payroll taxes	19,231	16,903
Contract meter reader	-	1,392
Repairs and maintenance	10,226	18,499
Truck expense	28,457	26,068
Operating supplies	165,159	162,322
Utility expense	52,157	44,610
Office expense	26,003	25,575
Insurance	98,673	98,518
Bad debts	565	9,795
Well site rent	400	400
Depreciation	196,664	185,360
Other operating expense	8,381	7,568
Total operating expenses	<u>\$ 857,572</u>	<u>\$ 844,115</u>
Operating income	<u>\$ 280,250</u>	<u>\$ 190,711</u>
Nonoperating revenues (expenses)		
Interest income	\$ 21,075	\$ 35,826
Net gain on sale of capital assets	-	4,182
Interest expense	(136,236)	(134,871)
Total nonoperating revenues (expenses)	<u>\$ (115,161)</u>	<u>\$ (94,863)</u>
Change in net assets	\$ 165,089	\$ 95,848
Net assets, beginning	6,268,096	6,172,248
Prior period adjustment	10,007	-
Net assets, ending	<u>\$ 6,443,192</u>	<u>\$ 6,268,096</u>

The accompanying notes are an integral part of these financial statements.

**CONCORDIA WATERWORKS DISTRICT #1**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	2009	2008
<b>Cash Flows From Operating Activities</b>		
Cash received from water sales	\$ 1,048,380	\$ 1,040,850
Cash paid to suppliers and employees	(601,952)	(654,476)
Net cash provided by operating activities	<u>\$ 446,428</u>	<u>\$ 386,374</u>
<b>Cash Flows From Investing Activities</b>		
Purchase and construction of fixed assets	\$ (168,938)	\$ (81,935)
Sale of fixed assets	-	4,182
Net cash used for investing activities	<u>\$ (168,938)</u>	<u>\$ (77,753)</u>
<b>Cash Flows From Financing Activities</b>		
Principal paid on notes payable	\$ (58,143)	\$ (57,603)
Interest paid on notes payable	(136,268)	(138,057)
Interest income	21,766	36,450
Net cash used for financing activities	<u>\$ (172,645)</u>	<u>\$ (159,210)</u>
Net increase in cash and cash equivalents	\$ 104,845	\$ 149,411
Cash and cash equivalents - beginning of year	2,442,252	2,292,841
Cash and cash equivalents - end of year	<u><u>\$ 2,547,097</u></u>	<u><u>\$ 2,442,252</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	<u>\$ 280,250</u>	<u>\$ 190,711</u>
<b>Adjustments to reconcile operating income to net cash provided by operating activities</b>		
Depreciation expense	\$ 196,664	\$ 185,360
(Increase) decrease in accounts receivable	(91,017)	1,174
Increase in prepaid expenses	(104)	(134)
Increase in accounts payable	58,916	4,355
Increase in taxes payable	144	58
Increase in tenant deposits	1,575	4,850
Total adjustments	<u>\$ 166,178</u>	<u>\$ 195,663</u>
Net cash provided by operating activities	<u><u>\$ 446,428</u></u>	<u><u>\$ 386,374</u></u>

The accompanying notes are an integral part of these financial statements.

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Concordia Waterworks District #1 have been prepared in conformity with the accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Concordia Waterworks District #1 applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Concordia Waterworks District #1 has adopted the provisions of Statement No. 34 of the Governmental Standards Board, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Statement No. 34 established standards for all state and local governmental entities that include a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

The adoption of this standard had no effect on the amounts reported by the Concordia Waterworks District #1, except for the reclassification of contributed capital and retained earnings to unrestricted net assets invested in capital assets, net of related debt.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The more significant of the Concordia Waterworks District #1's accounting policies are described below.

**A. Reporting Entity**

The Concordia Waterworks District #1 is part of the financial reporting entity of the Concordia Parish Police Jury. It was created by the Police Jury by Ordinance 393, dated May 16, 1966 to serve the rural areas of eastern Concordia Parish, under R.S. 33:3811. As such, it is accounted for as a component unit.

The Concordia Waterworks District #1 is governed by a Board of Commissioners who are appointed by the members of the Police Jury. The Board consists of five members each serving five year terms. They are compensated at the rate of \$75 per meeting.

The Concordia Waterworks District #1 serves over 2,300 consumers with a staff of eight employees. They maintain 230 miles of water lines, supplying over 185,000,000 gallons of water annually from two wells.

**B. Fund Accounting**

Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Fund Accounting (continued)**

A fund is a separate accounting entity with a self-balancing set of accounts. The Concordia Waterworks District #1 is classified and reported as a proprietary fund in the financial statements of the Concordia Parish Police Jury. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). The Concordia Waterworks District #1 is an enterprise fund.

**C. Basis of Accounting**

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied. Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on statements of net assets. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

**D. Assets, Liabilities, and Equity**

**1. Cash and Investments**

Cash in excess of monthly operating needs and restricted reserve fund requirements is invested in bank certificates of deposit with maturities from one to twelve months. Such investments are deemed to be cash equivalents for purpose of the statement of cash flows.

Cash and investments at June 30, 2009 and 2008, were as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted		
Cash	\$ 1,948,633	\$ 1,871,742
Certificates of deposit	<u>40,000</u>	<u>40,000</u>
	<u>\$ 1,988,633</u>	<u>\$ 1,911,742</u>
Restricted		
Cash	\$ 427,278	\$ 400,024
Certificates of deposit	<u>131,186</u>	<u>130,486</u>
	<u>\$ 558,465</u>	<u>\$ 530,510</u>
 Total cash and cash equivalents	 <u>\$ 2,547,097</u>	 <u>\$ 2,442,252</u>

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Assets, Liabilities, and Equity (continued)**

**2. Accounts Receivable**

Accounts receivable consists of water charges for Concordia Waterworks District #1 and sewer charges for Concordia Sewer billed for areas within Concordia Parish.

An allowance for doubtful accounts is not maintained by the Concordia Waterworks District #1. Bills not paid by the 20<sup>th</sup> of the following month receive a five percent penalty plus \$35 late charge. Customer services are cut off and their consumer deposit surrendered once two months of nonpayment occurs. A final bill is then prepared for services in excess of the consumer deposit and submitted for collection.

**3. Inventory**

Inventories of materials and supplies are considered to be expenditures at the time of purchase. Amounts on hand at the financial statement date are immaterial and, therefore, are not included in the balance sheet.

**4. Property, Plant, and Equipment**

Additions to the utility plant in service are recognized at cost, or if contributed property, at their estimated fair market value at the time of contribution. The sale or disposal of fixed assets are recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of fixed assets used by Concordia Waterworks District #1 is charged as an expense against their operations. Depreciation is calculated over the estimated useful life of the assets using the straight line method as follows:

	<u>Estimated useful life in years</u>
Buildings	25
Distribution system	50
Furniture and equipment	3-25

**5. Reserves of Fund Equity**

The Concordia Waterworks District #1 records reserves to represent those portions of fund equity legally segregated for a specific future use. The following lists such reserves used by Concordia Waterworks District #1:

	<u>2009</u>	<u>2008</u>
Debt service and depreciation reserve	\$ 423,448	\$ 397,486



**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Assets, Liabilities, and Equity (continued)

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT**

The carrying amount of the Concordia Waterworks District #1's total deposits with financial institutions at June 30, 2009, was \$2,547,097. The bank balance was \$2,553,151.

Total bank balance		\$ 2,553,151
Amount of FDIC coverage	\$ 1,000,000	
Market value of pledged securities	<u>2,189,757</u>	
Total federally insured or collateralized		<u>3,189,757</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2009		<u>\$ (636,606)</u>

The carrying amount of the Concordia Waterworks District #1's total deposits with financial institutions at June 30, 2008, was \$2,442,252. The bank balance was \$2,445,735.

Total bank balance		\$ 2,445,735
Amount of FDIC coverage	\$ 400,000	
Market value of pledged securities	<u>2,944,303</u>	
Total federally insured or collateralized		<u>3,344,303</u>
FDIC coverage and pledged securities in excess of the total bank balance at June 30, 2008		<u>\$ (898,568)</u>

**NOTE 3 - RESTRICTED ASSETS**

Certain assets were restricted for debt service and consumer deposits. These assets consisted of and are restricted to the following at June 30, 2009 and 2008:

	2009	2008
Bond debt service	\$ 49,500	\$ 49,500
Bond sinking fund	42,117	41,417
2000 reserve fund	70,977	63,197
Bond depreciation fund	189,873	180,171
2000 contingency fund	70,981	63,201
Consumer deposits	<u>135,017</u>	<u>133,024</u>
	<u>\$ 558,465</u>	<u>\$ 530,510</u>

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 4 - ACCOUNTS RECEIVABLE**

The following is an aged analysis of accounts receivable due on June 30, 2009 and 2008:

	2009	2008
Current billing	\$ 109,984	\$ 111,954
31-60 days	27,463	25,978
Over 60 days	1,158	4,420
	<u>\$ 138,605</u>	<u>\$ 142,352</u>

As of June 30, 2009, the Waterworks has completed all required paperwork for reimbursements for the relocation of Highway 131 water lines. The amount receivable at June 30, 2009, was \$94,764.

	2009	2008
Billing receivable	\$ 138,605	\$ 142,352
Reimbursement receivable	94,764	-
Total accounts receivable	<u>\$ 233,369</u>	<u>\$ 142,352</u>

**NOTE 5 - FIXED ASSETS**

Following is a summary of property, plant, equipment, and depreciation reserves at June 30, 2009 and 2008:

	06/30/09 <u>Asset Cost</u>	Accumulated <u>Depreciation</u>	Net	FYE 06/30/09 <u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	-
Right-of-way easements	93,814	-	93,814	-
Distribution system, wells, tanks, and equipment	8,512,259	2,306,394	6,205,865	175,705
Office building, furniture, and equipment	364,004	294,188	69,816	20,959
Construction in progress	93,678	-	93,678	-
Totals	<u>\$ 9,257,083</u>	<u>\$ 2,600,582</u>	<u>\$ 6,656,501</u>	<u>\$ 196,664</u>

	06/30/08 <u>Asset Cost</u>	Accumulated <u>Depreciation</u>	Net	FYE 06/30/08 <u>Depreciation</u>
Land	\$ 193,328	\$ -	\$ 193,328	\$ -
Right-of-way easements	93,814	-	93,814	-
Distribution system, wells, tanks, and equipment	8,470,810	2,130,689	6,340,121	168,092
Office building, furniture, and equipment	327,504	273,229	54,275	17,268
Construction in progress	2,689	-	-	-
Totals	<u>\$ 9,088,145</u>	<u>\$ 2,403,918</u>	<u>\$ 6,684,227</u>	<u>\$ 185,360</u>

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 5 - FIXED ASSETS (continued)**

Changes in fixed assets during the years ended June 30, 2009 and 2008:

	Balance 06/30/08	Additions	Dispositions	Balance 06/30/09
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Distribution system, wells, tanks, and equipment	8,470,810	41,449	-	8,512,259
Office building, furniture, and equipment	327,504	36,500	-	364,004
Construction in progress	2,689	90,989	-	93,678
Totals	<u>\$ 9,088,145</u>	<u>\$ 168,938</u>	<u>\$ -</u>	<u>\$ 9,257,083</u>

	Balance 06/30/07	Additions	Dispositions	Balance 06/30/08
Land	\$ 193,328	\$ -	\$ -	\$ 193,328
Right-of-way easements	93,814	-	-	93,814
Distribution system, wells, tanks, and equipment	8,301,940	168,870	-	8,470,810
Office building, furniture, and equipment	337,636	22,005	32,137	327,504
Construction in progress	111,629	2,689	111,629	2,689
Totals	<u>\$ 9,038,347</u>	<u>\$ 193,564</u>	<u>\$ 143,766</u>	<u>\$ 9,088,145</u>

During the fiscal year ended June 30, 2008, the Waterworks finished the replacement and upgrade of the Roundtree Road line and the East Road line. Both projects were in the construction in progress account at June 30, 2007, and were then moved to the distribution account. During the fiscal year ended June 30, 2009, the Waterworks began two new projects which entailed relocating existing waterlines on Highway 15 and Highway 131. The project on Highway 15 was completed during the fiscal year ended June 30, 2009, and capitalized through the distribution account. The project on Highway 131 was near completion at June 30, 2009. All expenses in the construction in progress account pertain to the Highway 131 project.

**NOTE 6 - NOTES PAYABLE AND CHANGES IN LONG-TERM DEBT**

Long-term debt as of June 30, 2009 and 2008, is comprised of the following:

	2009	2008
Note payable #91-03 - Water Revenue Bond due to General Electric Capital Corporation, issued March 31, 1980 in the original amount of \$745,000 at an interest rate of 5.00% due in annual installments of \$15,000 or more plus interest through March 2020. The loan is secured by a pledge of revenues from the sale of water by the Concordia Waterworks District #1.	\$ 385,000	\$ 410,000

Note payable #R-1 - Water Revenue Bond due to the USDA Rural Development, issued February 1, 2000 in the original amount of \$2,075,000 at an interest rate of 5.00% due in monthly installments of \$10,105.25 including amortized principal and interest through February 1, 2040.

**CONCORDIA WATERWORKS DISTRICT #1**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 6 - NOTES PAYABLE AND CHANGES IN LONG-TERM DEBT (continued)**

Interest only is due on February 1, 2001. This loan is secured by a pledge of revenues from the sale of water by the Concordia Waterworks District #1. 1,888,410 1,915,260

Note payable #R-2 - Water Revenue Bond due to the USDA Rural Development, issued February 1, 2000 in the original amount of \$482,000 at an interest rate of 4.875% due in monthly installments of \$2,303.96 including amortized principal and interest through February 1, 2040. Interest only is due on February 1, 2001. This loan is secured by a pledge of revenues from the sale of water by the Concordia Waterworks District #1.

\$ 438,073 \$ 444,366

Total debt \$ 2,711,483 \$ 2,769,626

Less current portion (58,560) (57,198)

Total long-term debt \$ 2,652,923 \$ 2,712,428

The annual requirements to amortize notes payable as of June 30, 2009, including interest payments, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
Year ending June 30,			
2010	58,560	134,600	193,160
2011	65,269	131,642	196,911
2012	66,910	128,501	195,411
2013	69,101	124,810	193,911
2014-2018	406,597	568,706	975,303
2019-2023	380,464	460,838	841,302
2024-2028	372,243	372,310	744,553
2029-2033	477,371	267,182	744,553
2034-2038	611,820	132,733	744,553
2039-2040	203,148	13,385	216,533
Totals	<u>\$ 2,711,483</u>	<u>\$ 2,334,707</u>	<u>\$ 5,046,190</u>

**NOTE 7 - RESTRICTED RESERVE FUNDS**

The Concordia Waterworks District #1's proprietary fund bonds are governed by bond indentures, the terms of which are summarized as follows:

Note 91-03

1. Waterworks Operations and Maintenance Fund

Funds are to be transferred to this Fund from the "Waterworks Revenue Fund" on the first day of each month in sufficient amount to pay all operating expenses and to make a reasonable provision for the repair and maintenance of the System.

**CONCORDIA WATERWORKS DISTRICT #1  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**NOTE 7 - RESTRICTED RESERVE FUNDS (continued)**

**2. Waterworks Note Reserve Fund (Debt Service and Sinking)**

The minimum amount to be transferred to this Fund each month from the "Waterworks Revenue Fund" shall be no less than one-twelfth the amount of principal and interest coming due on the next succeeding bond payment date. An additional amount of 5% of the required minimum monthly amount is to be transferred from the "Waterworks Revenue Fund" to the Note Reserve Fund until \$49,500 has been accumulated. No payments were made for the fiscal years ended June 30, 2009 and 2008, since the \$49,500 has been met.

**3. Waterworks Depreciation Fund**

An amount equal to \$184 per month is to be transferred to this Fund on the first day of each month from the "Waterworks Revenue Fund". Monies in this Fund shall be used solely for the purpose of paying the cost for major repairs or damages caused by unforeseen catastrophe and for replacements made necessary by the depreciation of the System. The required monthly transfers, totaling \$2,208 were made

for the fiscal years ended June 30, 2009 and 2008. There were no disbursements from this Fund during fiscal years June 30, 2009 and 2008.

**Notes R-1 & R-2**

**1. 2000 Water Revenue Bond and Interest Sinking Fund**

The Waterworks shall transfer monthly in advance on or before the 20<sup>th</sup> day of each month of each year a sum equal to the total amount of principal and interest falling due on the next principal payment date for the Bonds.

**2. 2000 Water Revenue Bond Reserve Fund**

The Waterworks shall transfer monthly in advance on or before the 20<sup>th</sup> day of each month of each year, a sum equal to 5% of the amount to be paid in the Sinking Fund, to continue until such time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the bonds payable.

**3. 2000 Water Depreciation and Contingency Fund**

The Waterworks shall transfer monthly in advance on or before the 20<sup>th</sup> day of each month of each year, a sum equal to 5% of the amount to be paid into the Sinking Fund, to continue until such a time as there has been accumulated in the Reserve Fund a sum equal to the highest combined principal and interest falling due in any year on the bonds payable, then the monthly payments into the Contingency Fund shall increase by an amount equal to 5% of the amount being paid into the Sinking Fund.

**NOTE 8 - PRIOR PERIOD ADJUSTMENT**

The Concordia Waterworks District #1 previously billed and collected payments for Kinco Sewer, before Kinco was bought by Concordia Sewer. At this time, there is an accounts payable balance of \$10,007 that the Waterworks had billed, but not received. There has been no collection of these billings during the past three years. No additional recovery is expected. Therefore, the Waterworks has adjusted this balance as of June 30, 2009. The effect of this adjustment increased net assets by \$10,007 at June 30, 2009.

## **SUPPLEMENTAL INFORMATION**

**CONCORDIA WATERWORKS DISTRICT #1  
SCHEDULE OF COMMISSIONER'S COMPENSATION  
FOR FISCAL YEAR ENDED JUNE 30, 2009**

Mrs. Jean Fairbanks, President	\$	825
Mr. Edgar Jones*		75
Mr. Warren Enterkin		750
Mrs. Helen Lyles		825
Mr. John Morgan		900
Mr. Mike Sanders		<u>900</u>
	\$	<u>4,275</u>

\* Mr. Edgar Jones retired in July 2008. Mr. Warren Enterkin replaced Mr. Jones on the Board of Commissioners.

**CONCORDIA WATERWORKS DISTRICT #1  
SCHEDULE OF WATER RATES  
JUNE 30, 2009**

Water rates from July 1, 2008 to June 30, 2009:

Residential

¾" Meters 0 - 2,000 gallons	\$19.00 minimum
Over 2,000 gallons	\$2.75 per thousand

1", 1 ½", 2", 3"	
Meters 0 - 2,000 gallons	\$20.50 minimum
Over 2,000 gallons	\$2.75 per thousand

Commercial

0 - 25,000 gallons	\$33.00 minimum
Over 25,000 gallons	\$2.75 per thousand

See Independent Auditor's Report.



**INTERNAL CONTROL AND COMPLIANCE REPORTS**



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**REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Management and the Board of Directors  
Concordia Waterworks District #1  
Ferryday, Louisiana

We have audited the financial statements of Concordia Waterworks District #1, a component unit of the Concordia Parish Police Jury, as of and for the year ended June 30, 2009, and have issued our report thereon dated August 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Concordia Waterworks District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Concordia Waterworks District #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Concordia Waterworks District #1's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Concordia Waterworks District #1's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Concordia Waterworks District #1's financial statements that is more than inconsequential will not be prevented or detected by the Concordia Waterworks District #1's internal control. We consider the deficiency described in the accompanying schedule of findings, numbered 09-01, to be a significant deficiency in internal control over financial reporting.

Internal Control Over Financial Reporting (continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Concordia Waterworks District #1's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Concordia Waterworks District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of Members of the Board of Directors, Management of Concordia Waterworks District #1, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silas Simmons, LLP*

Natchez, Mississippi  
August 7, 2009

**CONCORDIA WATERWORKS DISTRICT #1  
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2009**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<b>Section I - Internal Control and Compliance Findings</b>					
09-01	6-30-08	From the understanding of the Waterworks' internal control structure, we have determined that the small size of the Waterworks and its limited number of personnel do not allow for the adequate segregation of duties among employees.	Management will continue to develop and implement control procedures to minimize this inherent problem associated with being a small entity.	Charles Renfrow	6/30/10
09-02	6-30-09	The Waterworks' audited financial statements were not compiled and submitted to the Legislative Auditor's office by the statutory date of December 31, 2009. The Auditor failed to file the financials by the statutory date.	Audited financial statements will be submitted by the statutory deadline in future.	Charles Renfrow	6/30/10

**Section II - Internal Control and Compliance Material to Federal Awards**

Not applicable.

**Section III - Management Letter**

No management letter issued.

**CONCORDIA WATERWORKS DISTRICT #1  
STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

Reference No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Correct Action/Partia Corrective Action Taken
Section I - Internal Control and Compliance Findings				
08-01	6-30-08	From the understanding of the Waterworks' internal control structure, we have determined that the small size of the Waterworks and its limited number of personnel do not allow for the adequate segregation of duties among employees.	No	Management will continue to develop and implement control procedures to minimize this inherent problem associated with being a small entity.
08-02	6-30-08	The Waterworks does not reconcile the Concordia Sewer - Accounts Payable for the amount billed and owed to Concordia Sewer.	Yes	Management made a prior period adjustment to close out the Concordia Sewer - Accounts Payable.
08-03	6-30-08	The Waterworks does not keep a reconciliation of the outstanding checks for tenant deposits.	Yes	Management began reconciling outstanding checks for tenant deposits.

**Section II - Internal Control and Compliance Material to Federal Awards**

Not applicable.

**Section III - Management Letter**

No management letter issued.